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TAGS: [EFIN](#) [PTER](#) [PGOV](#) [PINR](#) [AF](#) [AE](#)
SUBJECT: UAE Illicit Finance Strategy 2010

REF: 09 ABU DHABI 1159 AND PREVIOUS

CLASSIFIED BY: Richard G. Olson, Ambassador; REASON: 1.4(B), (D)

[1](#)1. (S/NF) This is a country team assessment.

CONTEXT

[1](#)I.

II. 2. (S/NF) Given the UAE's open financial system, sizeable expatriate community and role as an regional financial hub, some Taliban, al-Qaeda and other illicit financing may originate in and more may transit the UAE to Afghanistan and third countries. Afghan drug proceeds, including laundered funds, both transit the UAE and are invested here. Cash couriers are believed a primary transit mechanism for illicit funds to and from countries in the Middle East, Africa and Asia.

[1](#)3. (S/NF) The UAE is less than 40 years old, so while in many ways the country appears to enjoy a modern and globalized economy, human capacity and expertise in the field of finance, law enforcement and intelligence is still nascent. In recent years, UAE authorities have revised the AML/CFT legal framework and expanded intelligence and law enforcement capacity in an attempt to identify and disrupt illicit finance.

[1](#)4. (S/NF) Cooperation with the UAE is complicated by its loose federal structure. While federal decision making is strongly influenced by Abu Dhabi, the largest and wealthiest emirate, Dubai is of greatest concern on threat finance issues. The UAE's legal framework gives all emirates significant sovereignty over almost all law enforcement efforts, including customs, and this is especially true in Dubai. Therefore, some government-to-government programs and agreements may have limited applicability to day-to-day law enforcement cooperation, as federal entities tend to focus on policy not enforcement.

III. 2009 EFFORTS

IV. -----

15. (S/NF) Following multiple and ongoing senior USG officials' engagement over the past year, the UAE demonstrated strong commitment to combating Taliban financial flows in 2009 (building on the successful model built over many years combating Iranian proliferation supporting financial flows). The UAE views its cooperation on these issues through the prism of its significant military deployment to Afghanistan and its efforts to contribute to Afghanistan's security, stability and reconstruction.

16. (S/NF) In mid-2009, Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed designated the State Security Directorate (SSD) to serve as the primary POC on Taliban finance cooperation with the USG. SSD is an independent intelligence organization with a federal mandate, it theoretically directs its Dubai counterpart, the General Directorate of State Security (GDSS), although in practice GDSS responds to Dubai's political leadership. Designating SSD ensures

this high-profile national security issue is handled by appropriate officials and does not attract undue public attention. UAEG officials have reiterated that SSD is the primary conduit for US-UAE Taliban finance cooperation and reminded USG officials not to approach other UAE entities directly, demonstrating the importance of handling this relationship with care.

17. (S/NF) At the UAEG's suggestion, we established a joint Cash Courier Task Force in September 2009 that includes State/DHS/Treasury/Justice and GRPO, is coordinated by SSD and involves UAE federal and local intelligence, law enforcement and policy entities. This group, which is led by SSD, has met multiple times to discuss UAE cash courier procedures and authorities and coordinate a Feb/Mar 2010 bulk cash smuggling training and operation. The UAE has also recently drafted new legislation for an outbound cash declaration system in an effort to better track financial outflows and enforce outbound cash smuggling.

1V. 2010 OBJECTIVE

VI. -----

VII.

VIII. 8. (S/NF) The Mission's objectives for the coming year are (1) to build on cooperation already established; (2) to expand cooperation through the existing SSD-led mechanism to include all relevant USG and UAEG entities once the US Whole of Government approach generates increased information flows, and (3) build UAE capacity to disrupt illicit finance and (4) intensify efforts to expand bilateral law enforcement cooperation.

IX. NEEDS

a. 9. (S/NF) Information Sharing: In order to most quickly disrupt Taliban related illicit finance activity, or best identify UAE policy and enforcement weaknesses, the USG should aim to produce detailed information (including law enforcement information) about Taliban and other illicit finance activities touching the UAE through the SSD channel. Whenever possible, we

should seek to share this information with the UAE in real time, utilizing SSD as the lead point of contact. In addition to adhering to the Crown Prince's direct instruction, focusing on SSD and GDSS will allow the USG to concentrate our Taliban resources on the most effective proven enforcement body in the UAE and create a single point of accountability within the UAEG.

Senior Emirati officials have expressed concerns that the US has shared scant actionable intelligence on Taliban financing pertinent to the UAE. In December 2009, a Treasury-led analytical team met with key UAE intelligence entities to pass relevant Taliban finance information. Solidifying and institutionalizing UAE cooperation will require an expanded USG effort to identify and share Taliban finance information. Appropriate USG agencies will be included in our existing bilateral working group as information becomes available.

b. 10. (S/NF) Bilateral Agreements: In order to facilitate information sharing, concluding a US-UAE MLAT and CMAA/MOU should be priorities in 2010.

c. 11. (S/NF) High Level Visits: USG officials should continue to encourage ongoing cooperation with UAEG officials to reiterate President Obama's strong interest in disrupting Taliban finance.

X. STRATEGY

XI. -----

a. 12. (S/NF) Capacity Building: Through the existing Cash Courier Working Group, Mission UAE will deliver a Feb/Mar 2010 bulk cash smuggling training and operation. This event will be followed by an exercise review that UAEG officials say should outline additional training and operational activities in 2010.

b. 13. (S/NF) Law Enforcement Cooperation: We will also continue to maximize broader US-UAE law enforcement cooperation through existing partnerships and relationships. We will continue to pass DHS/ICE, DEA and FBI law enforcement information on illicit financial activities to counterparts and offer appropriate capacity building support.

XII. NOTES

XIII. -----

a) 14. (S/NF) TDY: To fully provide the strategy outlined above, the Mission may require appropriate USG personnel to support scheduled training, subject to Chief of Mission approval and meeting specific milestones. (Ambassador's Note: The most pressing need for this mission is for additional administrative support. Absent addition of support personnel it will not be possible to expand the mission in ways that various agencies desire.)

b) 15. (S/NF) Review: This strategy will be reviewed throughout the year, particularly after the cash courier practical exercise in March, to refine and enhance effectiveness.

